



Development strategy of Gazpromneft-Sakhalin in current economic realities

General Director
Gazpromneft-Sakhalin
Aleksandr Korobkov
12.05.2020



HSE, sustainable development in the regions are top priorities for our Company



Aid to the regions of operation to overcome COVID-19 outbreak



Co-financing in publishing of the Red Book of the Sakhalin Region



Guardianship of animals in zoo-botanic park in Yuzhno-Sakhalinsk



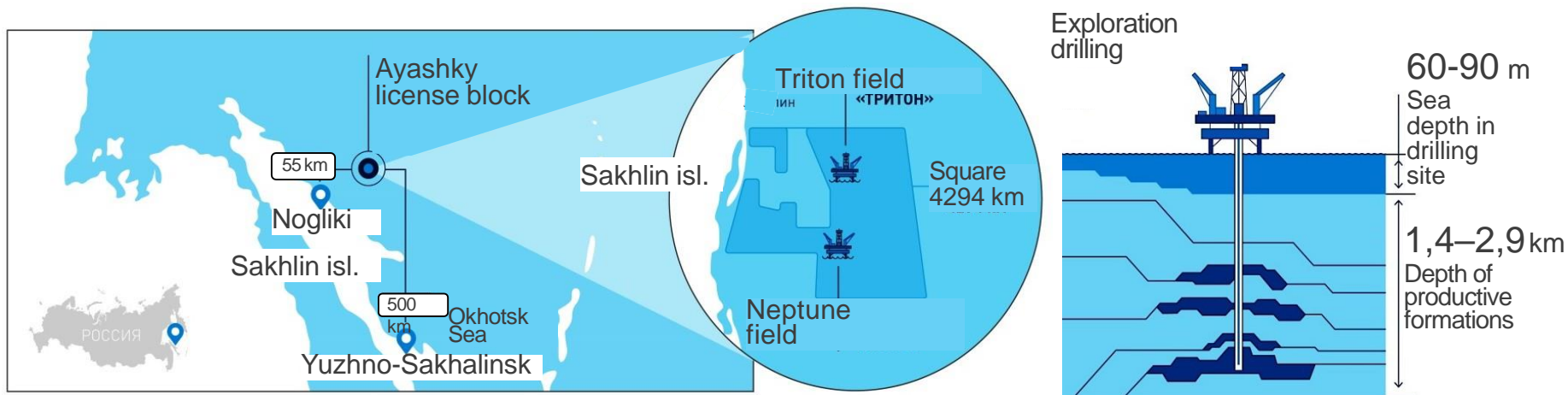
Arrangement of sport facilities in Korsakov



Support of the City festivals in Korsakov in 2018-2019



Tritone and Neptune fields



Geological reserves



Triton field

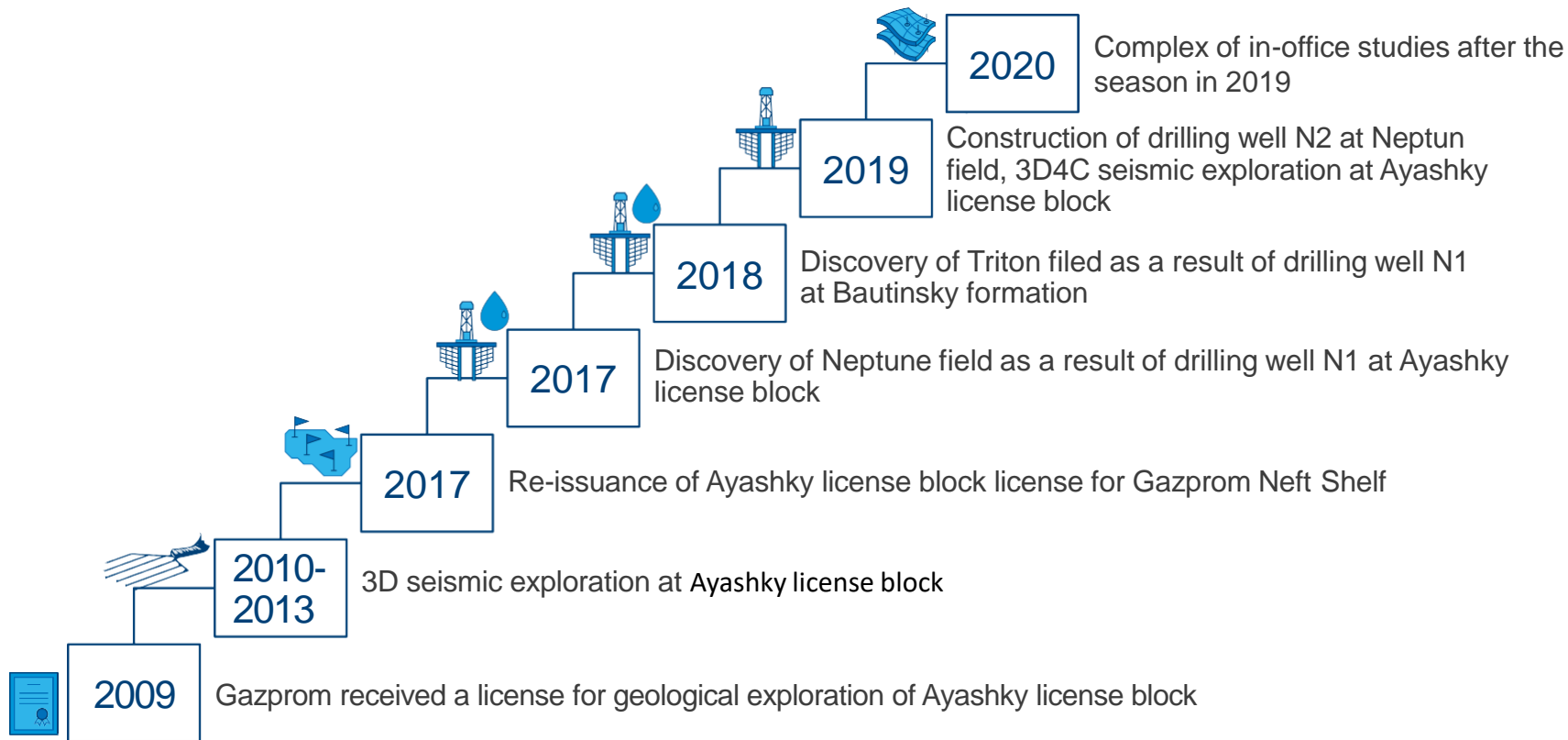
137 M t of oil
Discovered
in 2018



Neptune field

415 M t of oil
Discovered
in 2017

Development history of Ayashky license block



Projects on the shelf of Sakhalin: outcomes of 2019

CPP 3D4C



Work scope: 515 km²
(basic 443 km² +
optional 72 km²)

Technology: 3D4C
seismic exploration by
domestic seafloor
equipment "CRAB"

Goal: Improvement of reliability
of Neptune's geological model

Well 2-A



Well 2-A: exploration of reserves at
Neptune field

Depth: 2100 m, vertical

Core recovery : 229 m (return 99,6%)

Withdrawal of samples: 5 sites were tested,
MDT tests in open hole of technical and
operational columns

GWT, GIS, VSP: extended complex of GIS,
VSP on cable, GWT and GIS in drilling

Completed:



plan

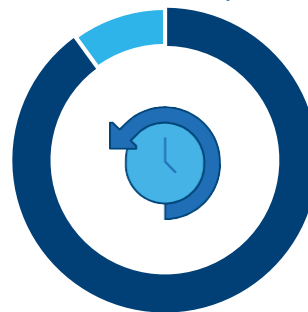
137
days



fact

128
days

9.8% non-productive time



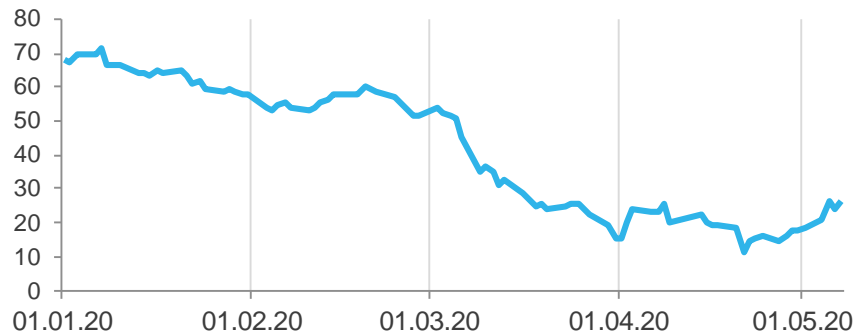
90.2%
Productive time

Construction of exploration well
Ayashskaya N2 was completed ahead of
schedule by 6% from planned timeframe

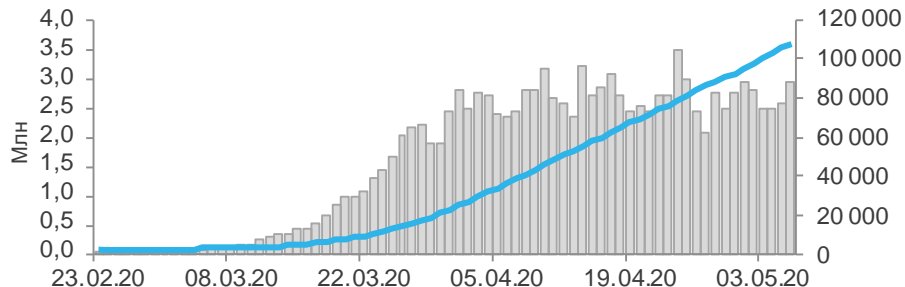
COVID-19 outbreak and measures to overcome it, made unprecedented influence on global economy and oil prices

- Widespread strict quarantine measures helped stabilize spreading of the virus
- Decline of global economy and petroleum consumption is the price paid for the fight against the pandemic
- Speed and depth of demand reduction for oil has never been that harsh
- Market overstocking led to the fall of oil prices, minimum was reached in the middle of April

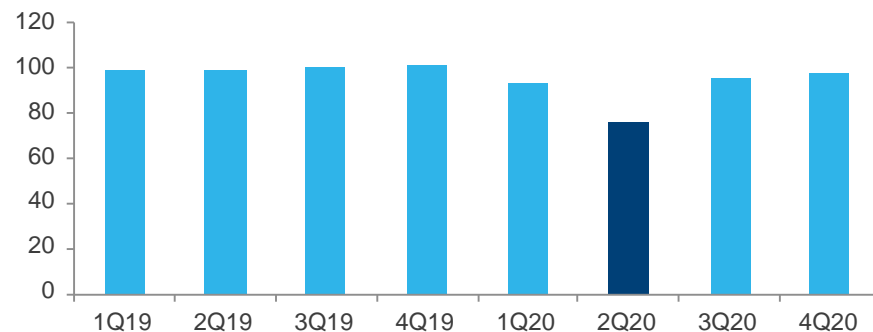
Dynamics of Brent oil prices, USD/B



Global dynamics of COVID cases



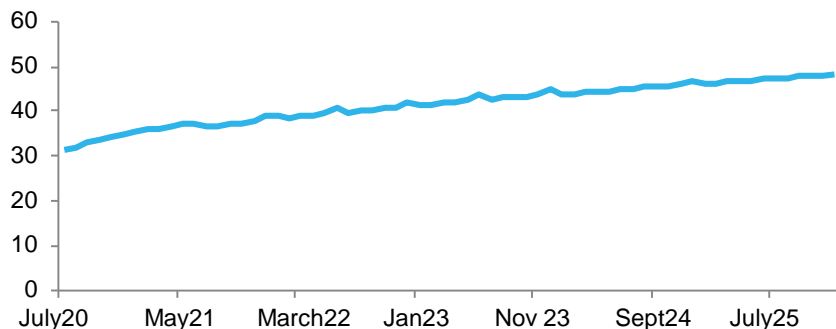
Demand dynamics for liquid hydrocarbon M BPD



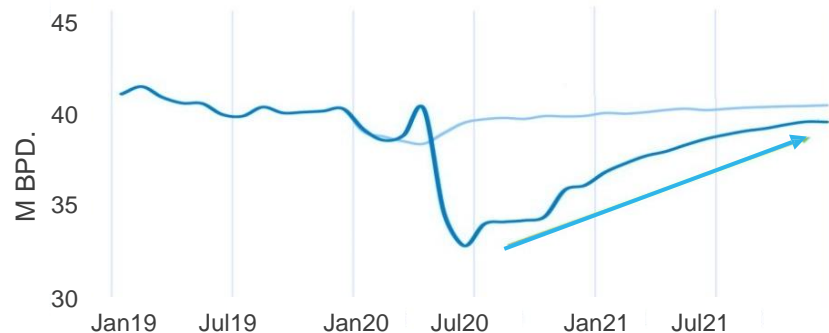
Reduction of OPEC+ production and in other countries will help balance oil market with demand restoration

- OPEC+ agreement on unprecedented reduction of production was signed in response to demand decline
- Production is falling beyond OPEC+ due to lower prices and lack of demand
- Reduction of production and relieving of quarantine measures in Europe and the USA will improve global situation
- Experts anticipate oil price restoration to \$50-60 by 2022

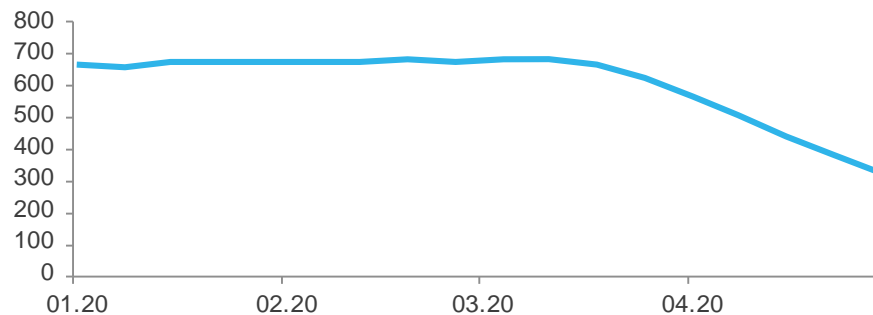
Forward Brent curve, USD/B.



Possible dynamics of OPEC production



Dynamics of oil drill sites amount in the USA



Company's development in modern economic realities



Open for partners: access to resource base, distribution markets in Asia-Pacific region



Analysis of existing infrastructural solutions and search for possible synergies



Flexible approach to project development, adjustment programme for seismic exploration



Complex of national support measures for new off-shore fields



Participation in legal initiatives: increase of investment attractiveness of shelf fields

Status of the key initiatives regarding taxation of shelf projects



New status of the southern part of the Okhotsk Sea: IV difficulty category



Included in the existing version of the federal law published on 18 March 2020



Additional stimulation of geological exploration on the shelf



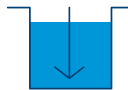
The initiative on geological exploration promotion is being developed in cooperation with the Ministry of Finance, stimulation will be provided from the federal part of the revenue tax

Severo-Vrangelsky license block is a promising O&G cluster in East Arctic and a driver for Chukotka region development

Scheme of works



Site square: 117 620 km²



Sea depth: 35-200 m.



Volume of 2D seismic exploration works: 13 500 lin.km.



Partners are highly interested in the unique project

First marine 2D seismic exploration of Gazprom Neft in East Arctic

Record-breaking volume of 2D seismic exploration works by Gazprom Neft



License obligations are being fulfilled ahead

Increase of license block's exploration degree by a factor of 3

Gazprom Neft's strategy on the shelf



Unique character of Russian **shelf projects** enable **technological leadership of the company** in the industry



Gazprom Neft has a goal to become a model of **safety, efficiency and technological effectiveness** for Russian and global industry players



The company keeps the leading position in exploration of Russian continental shelf. **Neptune** and **Triton** fields are **the largest discoveries** on Russian continental shelf in **the history of the modern** Russian O&G industry



Development of the shelf is strategically important for **Russian O&G industry** and has multiplicate impact on Russian economy.



Development of shelf fields in **the Far East** opens numerous perspectives for infrastructure development and **social economic growth** of the whole region.



THANK YOU FOR ATTENTION!